

*Sugar Beet*¹⁴

Sugar beet, though introduced only recently, is becoming an increasingly important crop. The sugar factory established in Homs has brought in seed from the Netherlands and Germany and distributed it to farmers. The reclamation and irrigation of the Roudj and the Ghab will undoubtedly give a great fillip to sugar beet cultivation and raise average yields, for beets do best on irrigated land. At present yields are still disappointingly low compared to those achieved in Western Europe and the United States. The mission suggests that efforts be particularly devoted to selecting a series of varieties with a wide range in maturity, so that the operating season at the Homs factory can be considerably prolonged. In the Euphrates and Khabour river valleys there are areas suitable for beet cultivation which can obviously not be served by the Homs plant. Ultimately the establishment of additional factories in these areas may prove worthwhile. Although the cost of producing beet sugar in Syria is undoubtedly higher than the cost of importing raw sugar (which is principally if not wholly cane sugar), the cultivation of beets has beneficial effects on the soil which appear to warrant its encouragement.

Tobacco

Tobacco is a minor crop, though important as a source of government revenue and of farm income in the province of Latakia, where it is predominantly grown. It is one of the crops, however, which is most in need of improvement. Seed selection, curing and grading all leave much to be desired. The entire plant, rather than selected leaves, is often harvested at one time. The Tobacco Monopoly, which licenses the growers, has paid little attention to the improvement of methods. The mission suggests that the Monopoly devote an additional sum of at least £S 75,000 annually to this purpose. At present three varieties of tobacco are grown: Abou Riha, the so-called "Latakia tobacco," which is bought almost entirely by a single American cigarette manufacturer for blending; Chek-el-Bint, used in the manufacture of Syrian cigarettes; and Tombac, produced for water-pipe smoking. In view of the rather uncertain market for Abou Riha, it would appear wise to develop the production of high-aromatic tobacco of the Turkish or Macedonian type for which a more durable market seems

¹⁴ See Annex C, p. 308.

377 and administrative supervision of public utilities. Supervision ought to be
 647 concentrated primarily on the utilities of the small towns and villages which are often substandard in their equipment and operation and are most in need of technical guidance in standardizing and improving their equipment. In addition to discharging its supervisory functions, the directorate should work out long-range plans, including a properly phased plan for the establishment of a power network which would be helpful in determining the location and size of power plants to be established in the future.

*Electricity Rates*²⁵

365 As power production increases, there will no doubt be considerable
 435 pressure to lower the rates now charged for electricity. The mission
 655 encountered much complaint about their present level and structure. The rates charged for lighting in the principal cities do not, however, appear excessive by comparison with other countries. Electricity prices in the small towns and villages, on the other hand, are very high, but the generation of electricity by small diesel units and exclusively for lighting is inevitably rather expensive. The rates charged for electricity used as power are definitely higher than in many other countries. In Syria the power rates are often compared unfavorably with those in Lebanon in particular.

Nevertheless, the mission strongly advises against a general reduction of electricity rates over the next five or six years. An adequate supply of electricity is more important at this time than lower prices for electricity. The profits of the public utilities must be safeguarded so that the needed expansion program can be financed from their own resources. This is particularly true of the nationalized utilities of Damascus and Aleppo which have been earning considerable profits. With the anticipated increase in power generation and some reduction in costs of production, the mission anticipates that the net operating income of these utilities exclusive of depreciation allowances may reach a total of £S 60 million over the six-year period 1955-60. Most of this sum will be needed to finance expansion and pay the indemnities for nationalization. In this way the government will be able to conserve the resources derived from taxation and to borrow for other urgent requirements.

²⁵ See Annex G, p. 422.

130 THE MAIN REPORT

489 modest quantities of goods between Beirut and Baghdad. Above all, most of the foreign trade of Jordan flows through Syria to and from Beirut.

1 EXISTING TRANSPORT FACILITIES

A brief inventory of the principal transport facilities is an essential preliminary to a discussion of the problems and methods of coping with them.

496 *The Railways*²⁸

Three railways operate in Syria—the Northern Railway, the Hedjaz Railway and the DHP (Chemin de Fer Damas, Hama et Prolongements).

• [65] The Northern Railway is the Syrian section of that international railway which achieved fame as the Berlin-Baghdad Railway. Coming from Baghdad and Mosul in Iraq, it traverses a portion of northeastern Syria from Tell Kotchek to Kamichliye, then enters Turkey, proceeding just along the boundary until it turns south to Aleppo and finally once again north to Turkey where one branch runs to the port of Iskenderun and the other to Istanbul. The Syrian sections are owned by the government and managed by a Director of Railways and Council Administration under the Ministry of Public Works. Out of approximately 400,000 tons of cargo carried in 1952, the Northern Railway transported about 101,000 tons for Iraq, mostly in transit, and some 106,000 tons, principally grain and coal, in transit for Turkey. Although the traffic is modest, the development of agricultural production in the Syrian Jezireh and the adjoining portions of Turkey have been instrumental in raising it from about 22 million ton-kilometers in 1938 to 55 million in 1953.

The Northern Railway links at Aleppo with the DHP, operated by a private French company under an 1893 concession and serving both Syria and Lebanon. The DHP system consists of both narrow- and standard-gauge lines. The most important standard-gauge line runs from Aleppo via Hama and Homs to the Lebanese port of Tripoli and thence along the Lebanese coast. Aside from agricultural commodities produced in the Homs-Hama region, it carries the bulk of transit traffic to and from Iraq coming over the Northern Railway. It also carries Syrian cereals and

²⁸ See Annex H, p. 425.

132 THE MAIN REPORT

496 Syrian government has been sharing the deficit of the DHP Railway with the Lebanese government on a fifty-fifty basis and also defraying the losses of the Hedjaz and Northern Railways. Government outlays on this account have been rising—from an average of £S 641,000 in 1950-52 to an estimated £S 750,000 in 1953 and £S 1,209 million in 1954. Unfortunately a further substantial increase must be anticipated. The Turkish government is expected to complete in 1955 or 1956 a railway shortcut which will make it unnecessary for export grain produced in southern Turkey, as well as other commodities, to transit through Syria on the way to Iskenderun. This will probably mean an annual loss in gross revenues of a little over £S 2 million for the Northern Railway. Even though the loss may be partially offset by a decline in operating expenses and it may prove feasible to recoup some revenue by increasing freight rates for Syrian goods, it is probable that the government will have to meet an additional deficit of at least £S 1 million a year.

Besides these operating subventions to the railways, the government will apparently be spending some £S 5 million for the acquisition of the Syrian portions of the DHP network. Negotiations for the purchase of these lines and a corresponding amount of rolling stock have been in [55] progress for some time and will probably be completed before long. They were dictated partly by the government's desire to own all the railways on Syrian soil and partly by its belief that Syrian operation would result in economies, particularly by reduction of overhead expenses. The latter objective may well be realized for the standard-gauge lines which are to be incorporated into the Northern Railway. It is more doubtful that significant economies will be achieved by taking over the Syrian portion of the narrow-gauge Damascus-Beirut line, which should logically be turned over to the Hedjaz Railway for operation.

In view of the rather low volume of traffic and the deficit character of the railway operation, the mission has considered whether it would not be advisable to abandon certain railway lines, particularly the Beirut-Damascus and Hedjaz Railways. For a number of reasons we have concluded that such a course would be unwise. Abandonment of the Beirut-Damascus line would increase by about 5-10% truck traffic on the parallel road, which is already becoming overburdened. Local passenger traffic would also have to be transferred to the road. It has already been pointed out that the two lines mentioned serve primarily as a transit artery for Jordan; their closing might therefore seriously affect the Jordanian econ-

TRANSPORT AND COMMUNICATIONS 145

the port has been increasing rapidly. To some extent this has been promoted by government regulations which direct certain classes of imports and exports via Latakia. It should be noted, however, that these have not seriously interfered with the traditional traffic between Beirut and Damascus and southern Syria. For the most part they buttress a traffic flow which would in any event tend via Latakia as the natural port for northern Syria. At present cargo must still be lightered but, considering this circumstance, cargo handling is fairly rapid. The port company appears to be well managed and in recent years has earned, on its paid-in capital, a modest profit which rose to over 5% in 1953. With the completion of the port, it should prove possible to reduce handling costs substantially. 504

IV CIVIL AVIATION

Supplementing rail and road transport, there is a domestic air service linking Damascus with Aleppo, Kamichliye and Latakia. It is operated with a DC-3 by the Syrian Airways, an autonomous government enterprise dependent on the Ministry of Finance. The financial results of this operation have not been divulged publicly, but it is evidently not self-supporting. The government regards it primarily as a promotional venture and the tariffs are correspondingly low. It must be recognized that occasional rapid air communication between the principal cities is desirable, and the mission accordingly anticipates that a new twin-motor plane, costing perhaps £S 600,000 may soon be needed to maintain this service. 505

Damascus is the country's principal airport and is served by a number of international airlines. Considerable amounts have been spent on the improvement and equipment of this airport which has been given a Class B designation by the ICAO. Of the £S 1.075 million provided in the 1954 budget for airport construction, equipment and maintenance, over 70% was destined for Damascus. In view of the many more urgent tasks confronting the government, we see no justification for the proposal to construct an entirely new airport for Damascus. By continuing about the same level of expenditures in the future as in recent years, the government should be able to make the requisite improvements in existing airports, which include, besides Damascus, a Class C airport at Aleppo, a Class G airfield at Kamichliye and an airport as yet unclassified at Deir ez Zor. 506

146 THE MAIN REPORT

v MUNICIPAL TRANSPORT

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655 Brief mention should be made of the urban transport services in Damascus and Aleppo. In Damascus the tramways are operated by a company nationalized in 1951, whose principal business is the generation and distribution of electric power. The tram service, plagued by low fares and relatively high operating costs, has been running heavy deficits and steadily losing ground to buses, which are operated on a coordinated basis by a large number of owners who pool their receipts for the purpose of meeting certain common expenses. For this reason the company has advanced proposals to buy out the private buses at a cost of about £S 2 million and gradually to substitute new buses at an additional cost of £S 2 million. The mission, however, strongly advises against the use of basically public funds for this purpose, since the buses now appear to be efficiently operated by private enterprise.

In Aleppo the power company, likewise nationalized in 1951, has a monopoly on the operation of both buses and trams. In contrast to the Damascus company, however, it is operating both these services at a modest profit while maintaining moderate fares.

206 vi TELECOMMUNICATIONS

It is, of course, important that not only transport but also communications facilities expand with a growing economy. In Syria a program for the improvement of telecommunications has long been under way. During the eight-year period 1946-1953, almost £S 31 million was invested in telecommunications, particularly in the expansion of the telephone network and the installation of automatic telephones. In fact, the amount invested for this purpose might be said to be disproportionate to most other fields of public investment. The results, however, have been conspicuous. The number of telephone subscribers has risen from 9,000 in 1949 to 21,218 in 1953, the number of telephone offices from 100 to 132, and the number of telephone circuits from 161 to 379. The Syrian telephone system is now substantially better than that of most neighboring countries.

The postal, telegraph and telephone administration plans to spend a sum of £S 14.317 million over the next five years on the further improvement of telecommunications. The mission had no one of special compe-

215 Damascus to manufacture rubber boots, canvas and rubber shoes, and felt and rubber shoes by the hot molding process, using imported crude rubber, imported and local waste rubber and canvas, and locally made felt. Production is said to be about 300,000 pairs per year and about 200 workers are employed. Other factories in Damascus and Aleppo produce rubber soles and heels. About 1,600 tons of rubber and rubber waste were imported in 1953, but it is not known how much was used in the boots and shoes industry in addition to local scrap rubber. The importation of boots and shoes is prohibited.

Matches

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372 Syria's first match factory started production in Damascus in 1930. By 1952, six more had been built. Damascus has the three largest, Aleppo the other four. Supplies are drawn mostly from local timber, though some additional wood, as well as chemicals, is imported.

An improved layout of machines and the introduction of small conveyors would increase efficiency and assist in lowering costs.

Together the factories employ about 350 whole or part time workers. The three Damascus factories produced about 25.6 million boxes in 1952 and 32.2 million in 1953. Production figures for the Aleppo factories are not available. The importation of matches is prohibited.

Tobacco

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655 A number of enterprises grade and prepare tobacco for export, but the manufacture and importation of cigarettes and tobacco has, since 1951, been confined to the State Tobacco Monopoly Administration.

The monopoly operates a cigarette factory in Damascus and one in Aleppo, and a factory in Latakia which manufactures and packs tobacco for retail sale. The tobacco for manufacture is partly Syrian (from the Latakia region) and partly imported. Cigarettes, tobacco and cigars are also imported from Europe and the United States.

The Damascus branch is in a new factory where tobacco is sorted, damped, stripped by hand only, and cut. The cigarettes are made on a number of old German machines and a few new American ones.

The tobacco monopoly employs 2,300 workers; total production of all three factories amounted to 2.7 million kg. in 1953.

377 Table 4 shows actual increases for the years 1947-52 and 1947-53.

It should be noted that consumption of electricity for lighting has risen more rapidly than that for power. Owing to this factor and the installation of additional equipment, the peak load has risen and the load factor has declined. This is particularly true of the small towns and villages where electricity is consumed almost exclusively for lighting.

TABLE 4 Increases in Power Consumption

	(Percent)			
	1947 to 1952		1947 to 1953	
	Total	Yearly average	Total	Yearly average
Light	147.3	19.9	190.9	19.5
Power	105.5	15.5	138.1	15.5
Losses and miscellaneous	95.2	14.3	120.5	14.1
Total	110.0	16.0	140.9	15.7

377 Investment in Public Utilities

655 No accurate data are available on the sources of financing during the period 1946-54, but it seems that before the Nationalization Law of 1951 the large power companies financed their development projects from their own resources and with foreign capital, whereas the government helped the smaller municipalities and villages with loans. Since 1950 progress has depended exclusively on government financing and the current revenues and accumulated resources of the power companies, but it is difficult to trace in the total loans to municipalities those amounts actually used for power development. The list of loans made by the Banque de Syrie et du Liban with the authorization of the government during the last five years includes a specific loan of £S 10 million allocated to public utilities, and the financial statements of the Damascus and Aleppo public utilities each mention loans to £S 7 million, although in the latter case the loan was for all four of the utilities' operating branches—electric power, water supply, streetcars and buses.

Moreover, although in addition to the equipment purchased abroad, a

NOTES ON ELECTRIC POWER 413

quantity of used and army surplus equipment was utilized in the smaller towns and villages, complete records of these operations are not available. 377 655

The best assessment the mission can make of power investment in Syria is to start with the conservative cost estimate of £S 450 per KVA for diesel-driven sets, and £S 75 million for the only steam plant in Syria with transmission lines and transformer stations. On this basis the cost of the 46,000 KVA of the former and 12,500 KVA of the latter, added to £S 1 million for the Amir Ghajar hydro turbine generators and £S 2 million for development of the networks, give a figure of about £S 25 million. This should, however, be taken as an indication of the order of magnitude rather than as an approximation of actual investment.

II INDUSTRIAL POWER 377

A statement of present and expected power consumption in the leading Syrian industries is necessary for an assessment of the anticipated power requirements of the country as a whole. The factories discussed below rely mainly upon their private power supplies, a situation which is likely to change somewhat as additional public utility projects are completed.

Cement

The two cement factories at Damascus and Aleppo are among the most important industrial power consumers. In 1953 their output was 171,000 and 72,000 tons, respectively; it is expected that output will rise to 253,000 and 150,000 tons by 1955. At an average consumption rate of 90 KWH per ton, this total of 403,000 tons would require about 36 million KWH. 377 339

To meet the 1953 demand for about 22 million KWH the two factories had plants of 4,600 and 3,000 KW capacity, respectively. The Damascus factory, unlike that in Aleppo, is connected with the public utilities network, thus permitting the future transfer of cheap hydroelectric power from the projected Barada plant. The Aleppo plant may insure itself against a breakdown of its own equipment through a link with the steam plant now under construction, but as soon as cheap hydro power becomes available from the Youssef Pasha project, it can be assumed that the factory will turn to the public utilities network for at least part of its power requirements.

SYRIA MDI

433 No over-all figures on the increase of capital, output or employment are available, but the following data are indicative. Between 1945 and 1953, inclusive, a total of £5 70.7 million was invested in thirty-seven industrial joint-stock companies; of this £5 53.1 million was invested in 1945 and 1946. 1/ A considerable amount was also invested in unincorporated enterprises. Sales of electricity to industry increased from 15 million kilowatt-hours in 1947 to 28 million in 1951, 36 million in 1953 and 19 million during the first half of 1954. Imports of industrial machinery and equipment amounted to 5,100 tons in 1950, 19,500 in 1951, 10,800 in 1952 and 12,000 tons in 1953, with an aggregate value of £5 200 million. 2/ Table 51 shows available information on the principal Syrian industries.

433 The textile industry is by far the most important, as regards capital invested, employment and value of output. The rapid expansion of cotton growing led to an increase in the number of cotton ginneries, from thirty in 1945 to 110 in 1953. Cotton spinning began in 1953; by 1954 there were 10,000 spindles and by 1954 some 92,000 with a capacity of 12,000 tons of cotton and rayon yarn. Output of cotton yarn rose from 1,700 tons in 1944 to 5,500 in 1950 and 6,600 tons in 1953; that of rayon yarn from 800 in 1950 to 1,200 in 1953; there was a further increase in 1954. Small factories also produce 40 tons of woollen yarn and 16 tons of silk yarn. Mechanical looms increased from 1,500 in 1939 to 5,500 in 1953; there are also 6,000 hand looms. Output of cloth, knitted goods and hosiery is shown in table 51. Dyeing and printing are done in well equipped factories established after the Second World War. The textile industry meets local requirements in most branches and provides an export surplus.

433 Food processing industries form the next most important group. A large-scale sugar refinery started production in 1950, on imported raw sugar; its output rose to 30,000 tons in 1953, of which 23,000 were from imported raw sugar and 7,000 from locally grown beets; output in 1954 was about 30,000 tons. It also produces 1,000 tons of alcohol and some starch glucose as a by-product. The refinery, which fully meets Syria's demand, has not yet reached its full capacity. The vegetable oil industry produces, by means of modern presses established after the war as well as older hand presses, some 7,000 to 12,000 tons of olive oil, about 6,000 to 8,000 tons of cotton-seed oil and some 2,000 to 4,000 tons of other oils. Other important food and beverage industries include the making of biscuits and macaroni, oleomargarine, confectionery and chocolate, and also brewing and canning. The tobacco industry is a State monopoly. 2/

1/ Of the total, £5 23 million was accounted for by six textile companies, 13.4 million by four food processing companies, 10.5 million by three vegetable oil and soap companies, 9.0 million by a cement and building materials company, 8.0 million by a glass and porcelain company, 3.3 million by seventeen electric power companies and 3.5 million by five other companies.

2/ Data from Ministry of National Economy.

2/ The Government took over the tobacco monopoly from a concessionary company in 1951, paying £5 2.5 million as compensation.